

## **Business Vitality**

The economy of Placer County encourages a range of profitable investment opportunities. Comparatively inexpensive business costs, plentiful skilled labor, abundant resources, and excellent transportation facilities create an outstanding commercial climate.

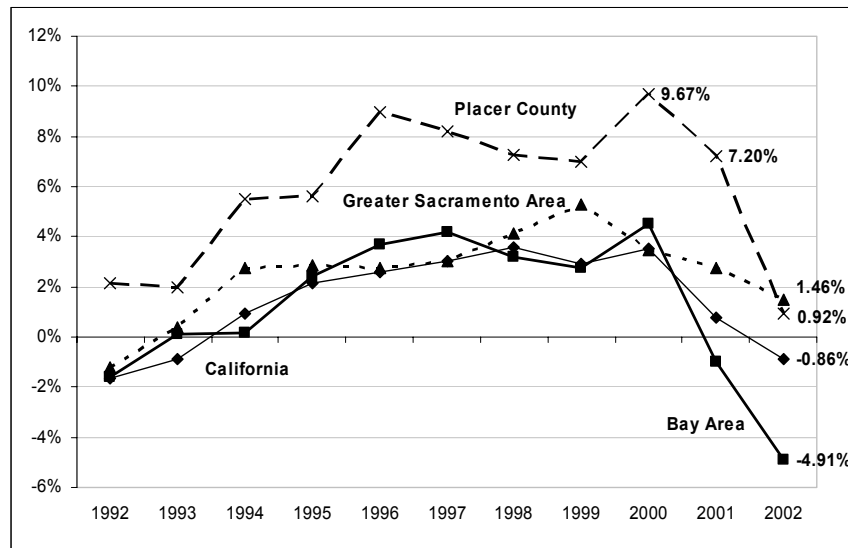
This section covers the market potential of Placer County and the Greater Sacramento Area, as well as the major influences and contributors to the region's economy.

### **Market Potential**

Placer County's economy provides a desirable mix of jobs for those migrating to the area. The County's diverse economy and geography encompasses North Lake Tahoe, where tourism is the primary economic activity, and South Placer in the Sacramento metropolitan area, where high technology sectors are the leading employers. Employment continues to increase in both of these sectors. Electronics, led by Hewlett-Packard and NEC, employs a large number of workers, while employment in Squaw Valley, Northstar, and Alpine Meadows grows to meet the demand of visitors who enjoy year-round activities.

Figure 23 shows that Placer County has generally experienced greater year-over-year employment growth rates compared to California, the Bay Area, and the Greater Sacramento Area since 1992. In 2002, Placer County's employment growth rate fell below the Greater Sacramento's rate, but still demonstrated positive employment growth while the Bay Area and the state both experienced negative job growth. This trend demonstrates the strength of the Placer County's economy with continued job growth over the past decade. The strength of the county's economy has also carried forward into 2003 where Placer County led the nation with the greatest year-over-year job growth in March.

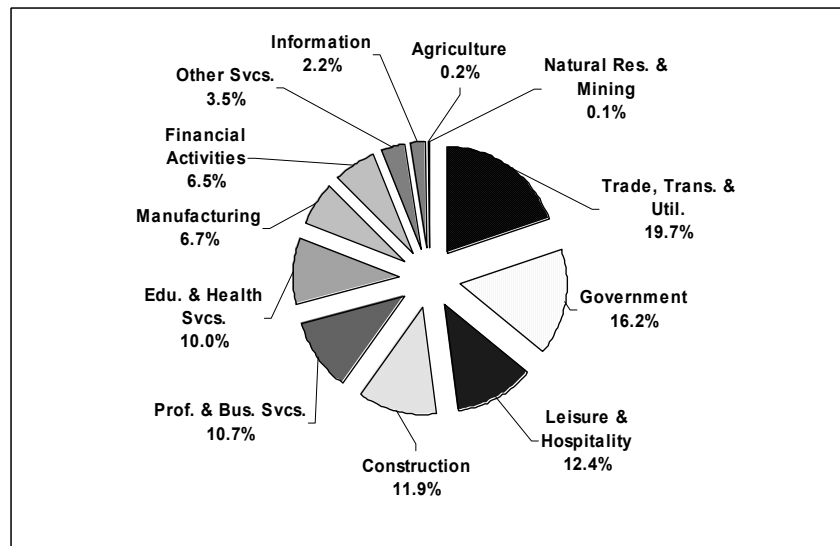
FIGURE 23  
EMPLOYMENT GROWTH RATE COMPARISON



Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information

Figure 24 illustrates that employment structure in Placer County and shows that the Trade, Transportation, & Utilities, Government, and Leisure & Hospitality sectors made up close to 50 percent of the county's total employment in 2002. Other significant contributors to the economic diversity of the area include Construction, Professional & Business Services, and Educational & Health Services.

FIGURE 24  
PLACER COUNTY EMPLOYMENT STRUCTURE IN 2002



Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information  
Note: The new Thunder Valley Casino employment will be reflected in the Government (Local) sector.

Figure 25 shows that since 1997, the Construction, Financial Activities, and Information sectors have gained larger proportions of total employment in Placer County. Leisure & Hospitality and Manufacturing made up a lesser amount of total employment in 2002 compared to 1997. This shift in the employment structure demonstrates the diversification that has helped Placer County become a mature economy with a mixture of goods producing and service providing employment.

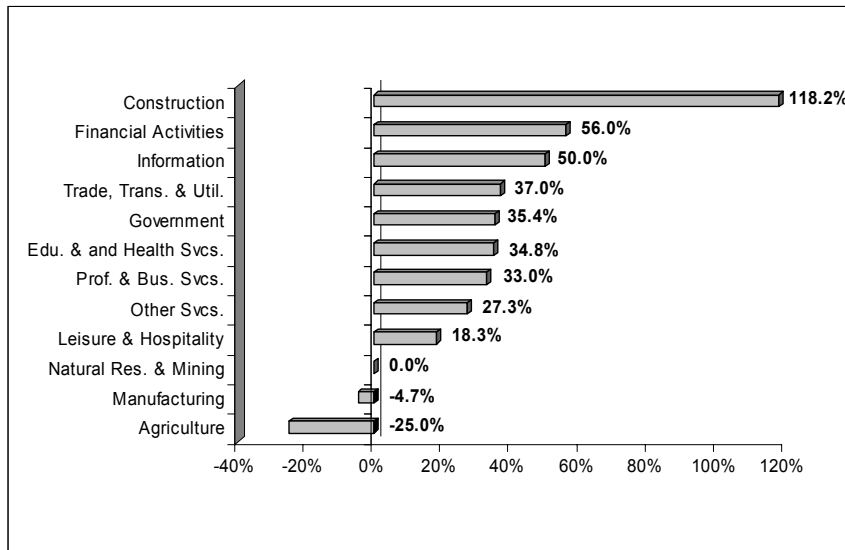
**FIGURE 25**  
**SHIFT IN MAJOR SECTOR EMPLOYMENT STRUCTURE**  
**BETWEEN 1997 AND 2002**

<i>Major Sectors</i>	<i>1997</i>	<i>2002</i>	<i>Shift</i>
Construction	7.4%	11.9%	4.5%
Financial Activities	5.6%	6.5%	0.8%
Information	2.0%	2.2%	0.2%
Trade, Transportation and Utilities	19.5%	19.7%	0.1%
Natural Resources and Mining	0.1%	0.1%	0.0%
Government	16.3%	16.2%	-0.1%
Educational and Health Services	10.0%	10.0%	-0.1%
Agriculture	0.5%	0.2%	-0.2%
Other Services	3.7%	3.5%	-0.2%
Professional and Business Services	10.9%	10.7%	-0.3%
Leisure and Hospitality	14.2%	12.4%	-1.9%
Manufacturing	9.6%	6.7%	-2.9%

Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information

Figure 26 shows that most of the major industry sectors have experienced positive employment growth between 1997 and 2002. The Construction sector experienced the largest employment growth rate over this time period supported by the large amounts of residential and non-residential construction activities in Placer County. The Financial Activities and Information sectors have also seen strong growth rates supported by population and business growth in the county.

FIGURE 26  
MAJOR SECTOR EMPLOYMENT GROWTH RATES  
BETWEEN 1997 AND 2002



Sacramento Regional Research Institute, December 2003

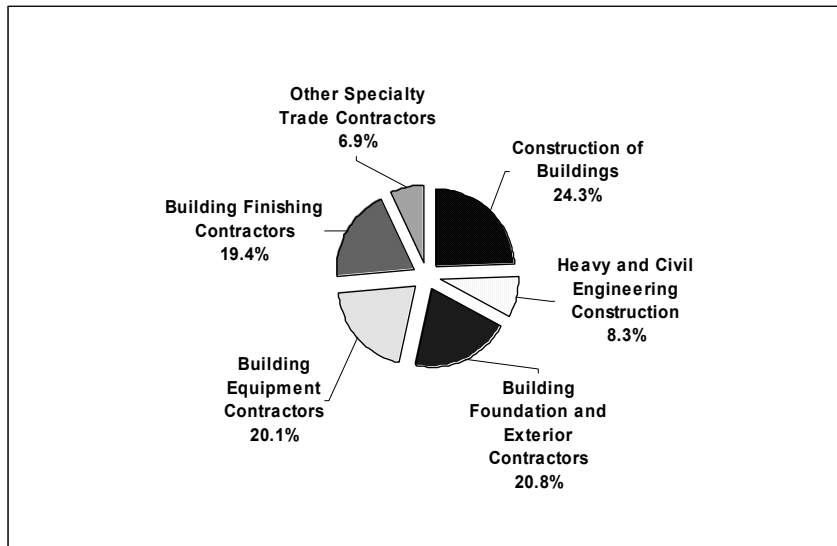
Data Source: Employment Development Department, Labor Market Information

## Construction

The Construction sector is one of the largest contributors to the rapid growth of the economy in Placer County with nearly 12 percent of the total employment and over 118 percent employment growth between 1997 and 2002.

The composition of the Construction sector is illustrated in Figure 27. The majority of Construction employment is encompassed in four specialty trade contractor areas as well as Construction of Buildings and Heavy & Civil Engineering Construction.

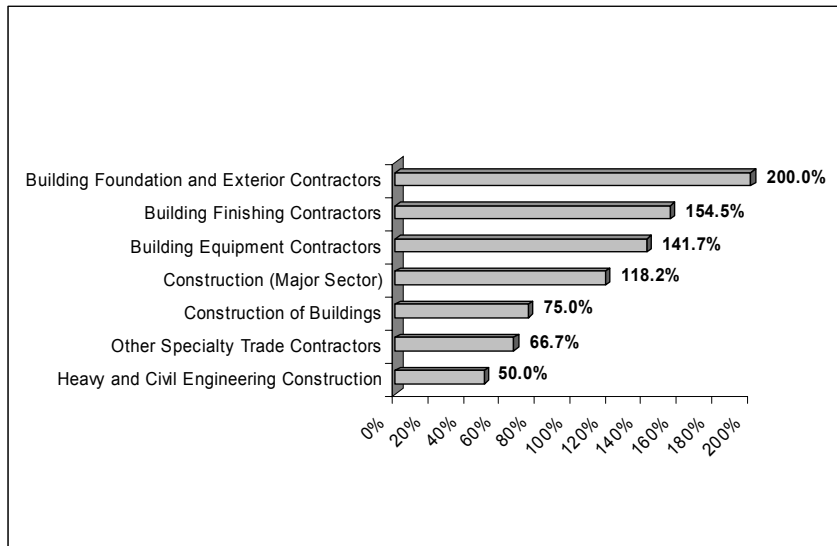
FIGURE 27  
COMPONENTS OF CONSTRUCTION EMPLOYMENT  
IN PLACER COUNTY IN 2002



Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information

Figure 28 provides the employment growth rates for the sub-sectors of the Construction industry and demonstrates that the specialty trade contractor sectors have experienced the largest growth rates between 1997 and 2002 led by Building Foundation & Exterior and Building Finishing Contractors. Growth in the overall sector can be attributed to population and business growth in Placer County creating demands for residential and non-residential construction activities.

**FIGURE 28**  
**EMPLOYMENT GROWTH IN COMPONENTS OF THE**  
**CONSTRUCTION SECTOR BETWEEN 1997 AND 2002**



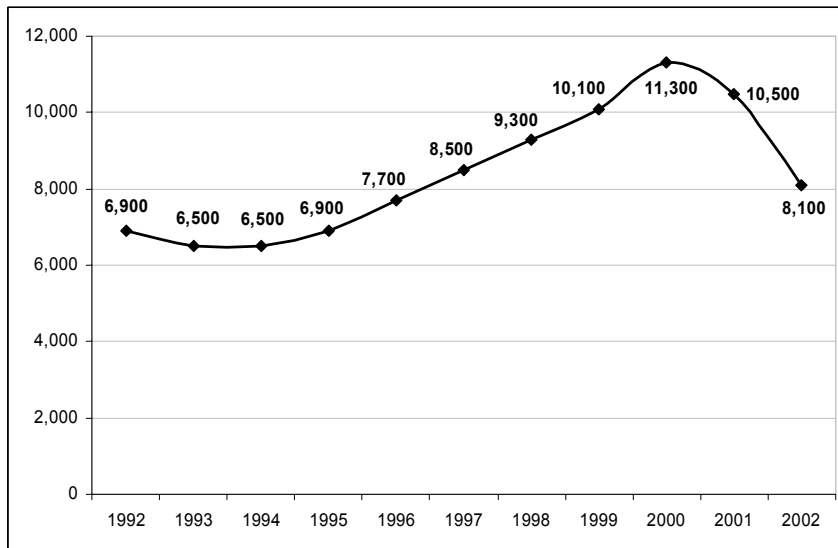
Sacramento Regional Research Institute, December 2003

Data Source: Employment Development Department, Labor Market Information

## Manufacturing

The region's increase in Manufacturing employment since the early 1990s has been a source of pride for the county. In 2002, Manufacturing provided close to seven percent of total employment in Placer County. Figure 29 shows that Manufacturing employment in has increased from 6,900 in 1992 to over 11,000 in 2000 and nearly 8,000 in 2002. Much of the growth in the late 1990s and the beginning of the 2000s was due to expansions in manufacturing of electronic equipment, while recent drops reflect a restructuring of many electronic manufacturing establishment with movements of manufacturing jobs and an evolution of service providing activities.

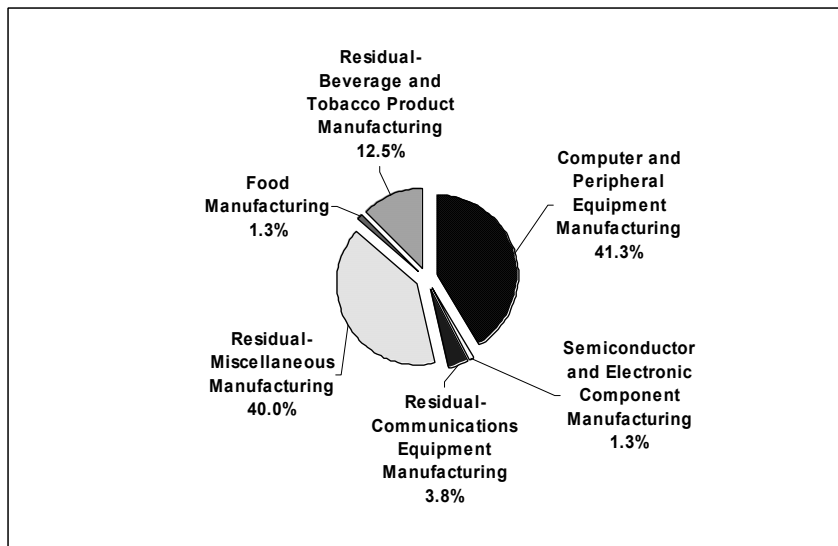
**FIGURE 29**  
**MANUFACTURING EMPLOYMENT TREND**



Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information

Figure 30 shows the components of Manufacturing by employment sub-sector. The data indicates that the largest category, Computer & Peripheral Equipment, employs 41 percent of the overall Manufacturing sector. The size of this particular sub-sector is partially due to the presence of Hewlett-Packard and NEC.

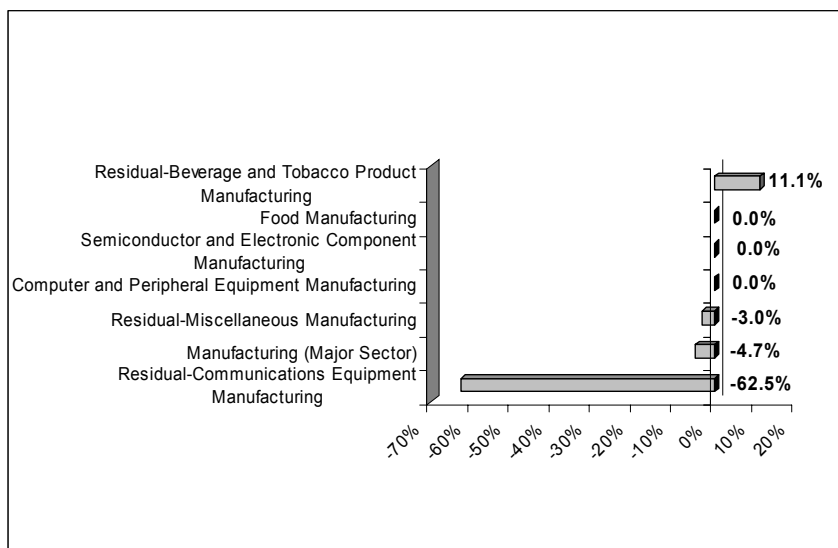
**FIGURE 30**  
**COMPONENTS OF MANUFACTURING EMPLOYMENT**  
**IN PLACER COUNTY IN 2002**



Sacramento Regional Research Institute, December 2003  
Data Source: Employment Development Department, Labor Market Information

Most of the Manufacturing sub-sectors have seen limited job growth since 1997, as shown in Figure 31. Many sectors have seen significant negative growth, following the trend experienced throughout the state and the nation. The growth rates seen in Placer County's Manufacturing sub-sectors are not as severe as other areas in the state especially for the electronics-related sectors which have maintained similar employment levels in Placer County but have seen considerable decreases in other areas of the state.

**FIGURE 31**  
**EMPLOYMENT GROWTH IN COMPONENTS OF THE**  
**MANUFACTURING SECTOR BETWEEN 1997 AND 2002**



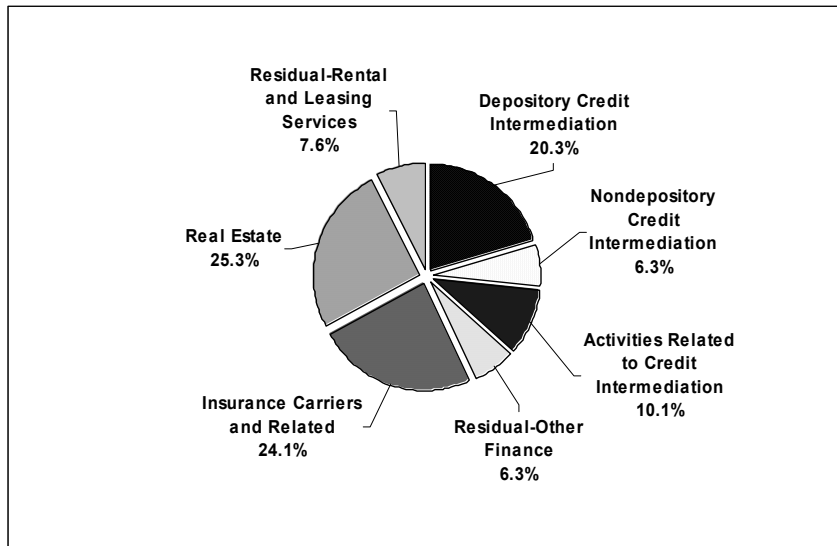
Sacramento Regional Research Institute, December 2003  
 Data Source: Employment Development Department, Labor Market Information

## Financial Activities

The Financial Activities sector supports the increased real estate activities seen in Placer County over the past decade and also strengthens the credit, deposit, and insurance activities demanded by residents and businesses in the region. Figure 32 shows that depository credit, insurance, and real estate activities make up close to 70 percent of employment in the Financial Activities industry.



FIGURE 32  
COMPONENTS OF FINANCIAL ACTIVITIES EMPLOYMENT  
IN PLACER COUNTY IN 2002

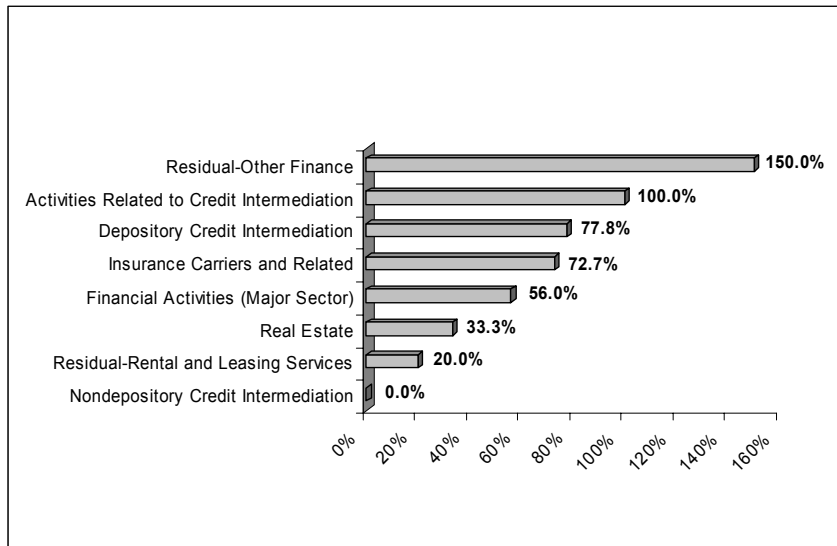


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Data Source: Employment Development Department, Labor Market Information

The strong growth seen in most of the Financial Activities sub-sectors in Placer County points to the maturity of the county's economy which is increasingly providing more high-end business services, including financial activities, demanded by large businesses and substantial population increases. Figure 33 demonstrates that four sub-sector have seen strong growth rates between 1997 and 2002 including Insurance Carriers and Depository Credit Intermediation.

**FIGURE 33**  
**EMPLOYMENT GROWTH IN COMPONENTS OF THE**  
**FINANCIAL ACTIVITIES SECTOR BETWEEN 1997 AND 2002**



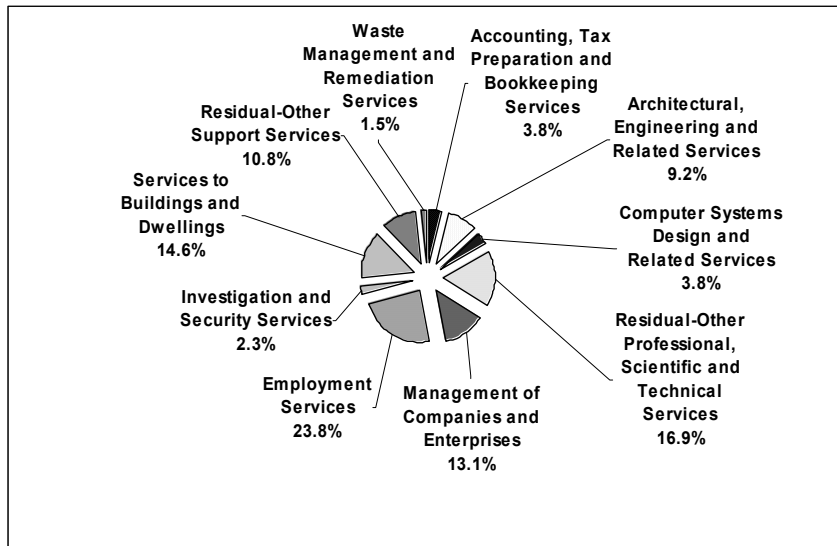
Sacramento Regional Research Institute, December 2003

Data Source: Employment Development Department, Labor Market Information

## Professional and Business Services

Similar to Financial Activities, the presence and growth of Professional & Business Services indicates a maturing economy able to provide support services to businesses and professional services to residents. The Professional & Business Services industry is split among many activities, but as Figure 34 illustrates, Services to Buildings & Dwelling as well as Professional, Scientific, & Technical Services make up a relatively large proportion of the overall industry's employment.

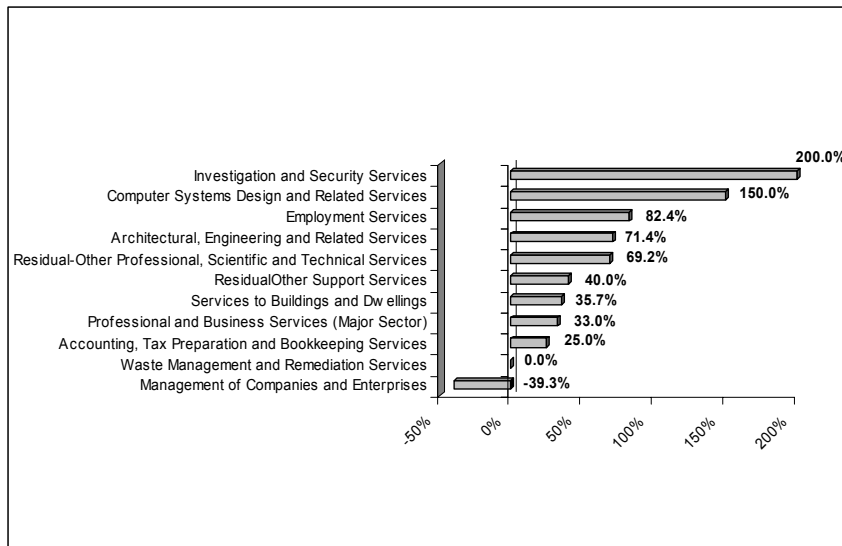
**FIGURE 34**  
**COMPONENTS OF PROFESSIONAL & BUSINESS SERVICES**  
**EMPLOYMENT IN PLACER COUNTY IN 2002**



Sacramento Regional Research Institute, December 2003  
 Data Source: Employment Development Department, Labor Market Information

Figure 35 demonstrates that besides Management of Companies & Enterprises and Waste Management & Remediation Services, all sub-sectors of the Professional & Business Services industry have experienced healthy employment growth rates between 1997 and 2002 reflecting the growing need for support and specialized services. Many of the sub-sectors in this industry are indicators of overall employment growth due to their linked and support roles for the majority of industries and businesses.

**FIGURE 35**  
**EMPLOYMENT GROWTH IN COMPONENTS OF THE**  
**PROFESSIONAL & BUSINESS SERVICES SECTOR**  
**BETWEEN 1997 AND 2002**



Sacramento Regional Research Institute, December 2003

Data Source: Employment Development Department, Labor Market Information

## Wholesale and Retail Trade

Retail and Wholesale Trade in Placer County are also fast growing segments of the economy, providing 17 percent of the regional employment. Figure 36 shows total taxable sales in Placer County. In Placer County, the majority of taxable sales revenue is obtained from retail outlets.

**FIGURE 36**  
**TAXABLE SALES**  
**(IN THOUSANDS OF DOLLARS)**

Area	Taxable Sales - Total Outlets			Retail Sales 1st Q 2002 - 4th Q 2002	
	1st Quarter 2001 thru 4th Quarter 2001	1st Quarter 2002 thru 4th Quarter 2002	Percent Change	Total Retail Sales	Percent Retail
Placer County	5,201,929	5,549,881	6.7%	4,161,204	75.0%
Auburn	235,134	249,529	6.1%	170,696	68.4%
Colfax	49,822	51,201	2.8%	36,931	72.1%
Lincoln	90,846	92,995	2.4%	52,363	56.3%
Loomis	79,450	82,930	4.4%	40,229	48.5%
Rocklin	407,145	458,325	12.6%	360,732	78.7%
Roseville	2,756,587	2,988,257	8.4%	2,614,068	87.5%

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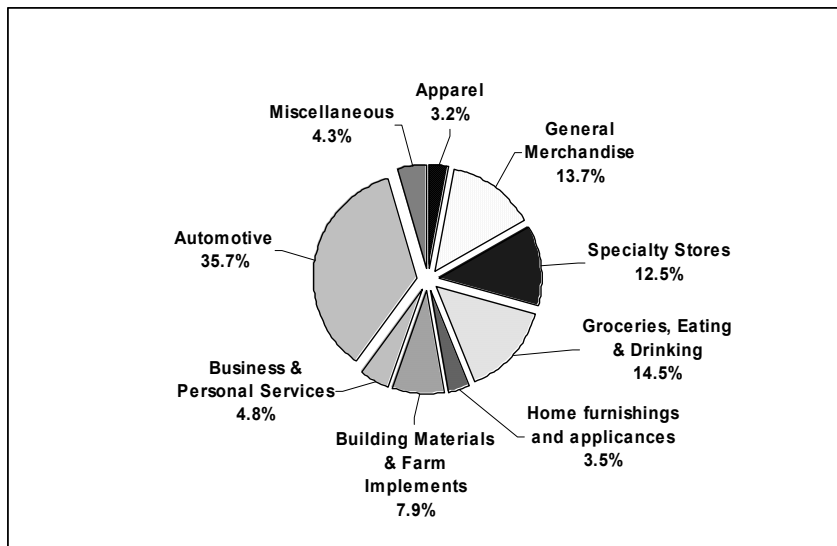
Data Source: California State Board of Equalization, Taxable Sales in California

Retail establishments in Placer County reported over \$5.5 billion annually in taxable sales through the fourth quarter in 2002, an increase of nearly seven percent since the year before. The city with the greatest amount of annual taxable sales through the fourth quarter 2002 was Roseville. Rocklin experienced the largest increase in taxable sales at close to 13 percent, followed by Roseville and Auburn with eight and six percents, respectively. Much of the increased revenue during this period can be attributed to the entry of larger retail outlets into the marketplace.

Figure 37 shows the composition of retail sales in Placer County. Retail sales are dominated by Automotive (36 percent) and Grocery Stores and Eating and Drinking Establishments (15 percent). These components account for over 50 percent of the retail sales volume. Other sizeable sectors are General Merchandise (14 percent) and Specialty Stores (13 percent).

Between 1997 and 2002, Wholesale Trade employment in the Placer increased by 600 employees with a 24 percent growth rate. The growth in Wholesale Trade in both the Greater Sacramento Area and Placer County provides a major influence on the high rate of new warehouse construction in the region. A number of factors contributed to the increase in wholesale distribution activities. Among others, high levels of retail sales in Placer County encouraged many national retail chains to establish distribution points in the region.

FIGURE 37  
COMPOSITION OF RETAIL SALES IN PLACER COUNTY  
4<sup>TH</sup> QUARTER 2001 THROUGH 3<sup>RD</sup> QUARTER 2002



Sacramento Regional Research Institute, December 2003  
Data Source: California Board of Equalization, Taxable Sales in California

## Banking and Finance

A complete network of banks and savings and credit union institutions serves the business community in Placer County. Several of these institutions are locally based and are shown in Figure 38.

**FIGURE 38**  
**LOCALLY BASED BANKING AND SAVINGS INSTITUTIONS**  
**(IN THOUSANDS; SORTED BY DEPOSITS)**

<i>Institution</i>	<i>City</i>	<i>Deposits</i>	<i>Assets</i>
Placer Sierra Bank	Auburn	\$820,131	\$967,661
Five Star Bank	Rocklin	\$59,440	\$75,050
Granite Community Bank	Granite Bay	\$37,619	\$43,906

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Data Source: Federal Deposit Insurance Corporation, Financial Data as of June 2003

Most major financial institutions have branch offices in Placer County, and the headquarters of several financial institutions are based in the region. Figure 39 ranks the top ten banks, local and national/state, by market share in Placer County.

**FIGURE 39**  
**MARKET SHARE: TOP TEN BANKING AND**  
**SAVINGS INSTITUTIONS**  
**(IN THOUSANDS; SORTED BY MARKET SHARE)**

<i>Rank</i>	<i>Institution</i>	<i>Deposits</i>	<i>Market Share</i>
1	Bank of America	\$748,972	19.7%
2	Wells Fargo Bank	\$581,610	15.3%
3	Placer Sierra Bank	\$416,256	10.9%
4	World Savings Bank	\$390,141	10.2%
5	Washington Mutual	\$325,312	8.5%
6	U.S. Bank	\$274,041	7.2%
7	Western Sierra National Bank	\$108,824	2.9%
8	Citibank West	\$105,608	2.8%
9	First Bank and Trust	\$97,665	2.6%
10	Bank of the West	\$92,027	2.4%

Sacramento Regional Research Institute, December 2003

Data Source: Federal Deposit Insurance Corporation, Financial Data as of June 2003